



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Hails Final Passage of Conflict Diamonds Bill

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today praised final passage of his legislation to help stop the trade of diamonds that fund violent civil conflicts in many African countries.

“The trade of conflict diamonds is a serious problem,” Grassley said. “Funds from the sale of these diamonds add fuel to civil conflicts in several African countries and elsewhere. Millions of people end up suffering. These countries and their people deserve our support. Passing this bill is the right thing to do.”

Today the House gave final approval to the *Clean Diamond Trade Act (S. 760)*, as modified. The vote came after full Senate approval yesterday and Finance Committee approval last week. The bill now goes to the President, who is expected to sign it into law. Grassley, who introduced the legislation with strong bipartisan support, said the bill will go a long way toward stopping the trade in conflict diamonds.

The legislation will implement the United States’ participation in the Kimberley Process Certification Scheme for trade in rough diamonds. The Kimberley plan is an international agreement establishing minimal acceptable international standards for national certification relating to cross-border trade in rough diamonds. It represents more than two years of negotiations among more than 50 countries, human rights advocacy groups, the diamond industry, and non-governmental organizations.

Grassley has heard from dozens – and possibly hundreds – of Iowans, urging him to stop the trade of conflict diamonds. The Iowans wrote to Grassley on behalf of the Campaign to Eliminate Conflict Diamonds, an umbrella group of human rights organizations including Amnesty International, Oxfam America, World Vision, and Catholic Relief Services. Earlier this week, the groups held a news conference to praise this legislative effort.

“The United States played a leadership role in crafting the Kimberley Process Certification Scheme,” Grassley said. “It’s important that we continue our leadership role on this important issue.”

Grassley said conflict diamonds are mined and used by rebel movements in many African

nations as a source of revenue to fuel armed conflict and the activities of rebel movements aimed at undermining or overthrowing legitimate governments in African countries. “Millions of people have been driven from their homes by wars over control of these diamonds,” Grassley said. “Families and entire countries have been torn apart.”

Grassley said the *Clean Diamond Trade Act* is a compromise bill that he worked on with bipartisan supporters of efforts to stop trade in conflict diamonds. Grassley said prior attempts to move similar bills stalled in both the House and the Senate due to lack of bipartisan consensus on the substance and the timing of the bill. Early this year, Grassley began work to put together a bill that implements a certification process that meets the United States’ international responsibilities, that could pass the House and the Senate, and most importantly, that works.

Grassley said he was glad the Senate and the House adopted the *Clean Diamond Trade Act* before the next plenary session of the Kimberley Process Certification Scheme, which is scheduled to convene in Johannesburg, South Africa, from April 28 to April 30, 2003. The timing is important to ensure that the United States retains its leadership in the Kimberley process and does everything it can to stop the trade of conflict diamonds as soon as possible, Grassley said.

“This is a trade issue, a consumer issue, and most of all, a human rights issue,” Grassley said. “Legitimate trade can elevate the standard of living for people all over. This bill sends a strong message that the benefits of trade in valuable natural resources like diamonds should accrue to the legitimate governments and their people in Africa.”

SENATE FINANCE COMMITTEE SUMMARY CLEAN DIAMOND TRADE ACT

The *Clean Diamond Trade Act* implements the United States’ obligations as a participant in the Kimberley Process Certification Scheme (KPCS). The KPCS was developed by the United States and other nations to remove conflict diamonds from the legitimate diamond trade. Conflict diamonds are so named because fighting over diamond mines fuels and sometimes funds civil conflicts in some African countries. The KPCS represents the culmination of many years of work by President Bush and prior administrations to end trade in conflict diamonds. This legislation ensures that the United States will assume the specified responsibilities of participation, including that imported and exported rough diamonds be properly certified, and that the United States trade only with participating countries. Presently, the participating countries include: Algeria, Angola, Armenia, Australia, Belarus, Botswana, Brazil, Burkina Faso, Cameroon, Canada, Central African Republic, China (People’s Republic of), Congo (Democratic Republic of), Congo (Republic of), Cote D’Ivoire, Cyprus, Czech Republic, European Community, Gabon, Ghana, Guinea, Guyana, Hungary, India, Israel, Japan, Korea (Democratic People’s Republic of), Korea (Republic of), Laos, Lebanon, Lesotho, Malaysia, Mali, Malta, Mauritius, Mexico, Namibia, Norway, Philippines, Russian Federation, Sierra Leone, South Africa, Sri Lanka, Swaziland, Switzerland, Tanzania, Thailand, Togo, Turkey, Ukraine, United Arab Emirates, United States of America, Venezuela, Vietnam, and Zimbabwe. The trading entities of Taiwan, Penghu, Kinmen and Matsu are also recognized as participants.

The next plenary session of the Kimberley Process is scheduled to convene in Johannesburg from April 28th to the 30th, 2003. Implementation of the KPCS by the United States prior to April 28th, 2003, will ensure that the U.S. continues its leadership role in curtailing trade in conflict diamonds.

SUMMARY OF PROVISIONS

Sec. 1. Short Title. This Act may be cited as the “Clean Diamond Trade Act.”

Sec. 2. Findings. Enumerates congressional findings regarding the Act.

Sec. 3. Definitions. Defines terms utilized in the Act.

Sec. 4. Measures for the Importation and Exportation of Rough Diamonds. Sec. 4(a) Requires the President to prohibit the importation or exportation of rough diamonds that have not been controlled through the Kimberley Process Certification Scheme. Sec. 4(b) Authorizes the President to waive the prohibition for periods of not more than one year if the President determines and reports to Congress that a country is taking steps to implement the Kimberley Process or the President determines and reports to Congress that the waiver is in the national interest of the United States.

Sec. 5. Regulatory and Other Authority. Sec. 5(a) Authorizes the President to issue such proclamations, regulations, licenses, and orders, and conduct such investigations as necessary to carry out the legislation. Sec. 5(b) Requires any U.S. person importing rough diamonds into or exporting rough diamonds from the United States to keep a full record of any transaction covered by the legislation and authorizes the President to require the production of such records under oath. Sec. 5(c) Mandates the President to require the appropriate agency to conduct annual reviews of the procedures of any entity in the United States that issues Kimberley Process Certificates for exportation, to determine whether they are in accordance with the Kimberley Process.

Sec. 6. Importing and Exporting Authorities. Sec. 6(a) Provides that the importing authority shall be the U.S. Bureau of Customs and Border Protection and that the exporting authority shall be the U.S. Census Bureau. Sec. 6(b) Requires the President to publish a list of all participants to the Kimberley Process and all exporting and importing authorities of those participants. Sec. 6(b) Also requires the President to update the list of participants as necessary.

Sec. 7. Statement of Policy. Expresses congressional support for presidential efforts to facilitate the adoption of the KPCS by other countries.

Sec. 8. Enforcement. Provides for civil and criminal penalties for violations of the Act both under and in addition to existing law.

Sec. 9. Technical Assistance. Permits the President to direct federal agencies to provide technical assistance to countries trying to implement the Kimberley Process.

Sec. 10. Sense of Congress. Expresses the Sense of the Congress that: the Kimberley Process is an ongoing process and that the President should work to strengthen the KPCS through the adoption of measures on the sharing of statistics on rough diamond trade and for monitoring the effectiveness of the process; that the President should keep and publish statistics on the importation and exportation of rough diamonds, make these statistics available for analysis, and take a leadership role in negotiating a standardized methodology for reporting import and export statistics.

Sec. 11. Kimberley Process Implementation Coordinating Committee. Establishes a Kimberley Process Coordinating Committee, to be co-chaired by the Secretary of Treasury and the Secretary of State and composed in addition of the Secretary of Commerce, the United States Trade Representative, the Secretary of Homeland Security, and a representative of any other agency the President deems appropriate.

Sec. 12. Reports. Provides for annual and semiannual reports to be submitted by the President to Congress, including a report on whether there is statistical or other information that would indicate circumvention of the KPCS.

Sec. 13. GAO Report. Requires the Comptroller General to transmit a report to Congress no later than 24 months after the effective date of the Act on the effectiveness of the Act in preventing trade in conflict diamonds.

Sec. 14. Delegation of Authorities. Allows the President to delegate the duties and the authorities of the Act to appropriate officers, officials, departments or agencies.

Sec. 15. Effective Date. Provides an effective date for the Act.